

No. 20662

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**United States**  
**COURT OF APPEALS**  
**for the Ninth Circuit**

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JEDDELOH BROTHERS SWEED MILLS,  
INC., et al.,  
v. *Appellants,*

COE MANUFACTURING COMPANY,  
a Corporation,  
and *Appellee,*

COE MANUFACTURING COMPANY,  
a Corporation,  
v. *Appellee and Cross-Appellant,*

JEDDELOH BROTHERS SWEED MILLS,  
INC., et al.,  
*Appellants and Cross-Appellees.*

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*Appeal from the United States District Court for the  
District of Oregon—Civil No. 9702 (Judge Solomon)*

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**ANSWERING BRIEF OF CROSS-APPELLANT AND APPELLEE**

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**ANSWERING BRIEF OF CROSS-APPELLANT AND APPELLEE**

---

**INTRODUCTION**

This brief is directed to answering the contentions made in defendant's opening brief. The contentious statement of the case by defendants in their brief leaves

much to be desired. However, rather than lengthen this brief with a restatement, the Court is respectfully referred to plaintiff's opening brief for an accurate and complete statement of the facts.

### SUMMARY OF ARGUMENT

1. The opinion of the plywood industry that feeder could not be developed and long effort by Parker and coworkers before successful feeder of patent was developed show that apparatus of patent in suit was not obvious "to a person having ordinary skill in the art to which it pertains" (35 U.S.C. 103) and invention meets tests of Supreme Court decisions.

2. Trial Court's findings that claims in suit are valid are supported by substantial evidence and there is nothing in record to indicate they are erroneous in any respect.

3. Parker provided a new and novel apparatus, not obvious from the prior art, and which apparatus is patentable although made up of old elements.

4. Parker's contribution was not in selection or development of any one element but in provision of combination of elements necessary to feed veneer from stack to decks of dryer. Claims including such elements do not "overclaim" invention but are directed squarely to it.

5. Defendants' apparatus includes and requires vertically movable elevatable platform for veneer stacks. Such platform is a vertically movable assembly, as

called for in claim 17, and the full equivalent of the illustrated embodiment of the invention and claim 17 is infringed.

6. Defendants' vertical fixing of infeed rolls and use of elevatable platform rather than elevatable rolls and a fixed platform is at best a mere reversal of parts that does not avoid infringement.

7. No amendments were made to claim 17 to secure its allowance, nor were any arguments advanced to secure its allowance that narrow the scope of the claim in any way.

8. Under 35 U.S.C. 252 the validity of claims in suit could not have been affected by the circumstances of the reissue of the patent in suit. The public interest did not require a determination of the validity of the claims added by the reissue and the Trial Court properly declined to examine the circumstances of the reissue.

9. The question of the propriety of the reissuance of the patent was segregated by the trial judge and there is no evidence in the record to support defendants' contention reissue was improperly granted.

10. The damages awarded plaintiff is less than a reasonable royalty and insufficient to compensate plaintiff for its damages as required under 35 U.S.C. 284. Plaintiff should have been awarded a royalty of \$1,000.00 to \$1,200.00 for each infringing apparatus.

11. The individual defendants, Otto and Fred Jeddeloh, owned eighty percent of the stock in the defendant corporation, designed the infringing apparatus, di-

rected the activities of the defendant corporation and actively participated in the sale of the infringing apparatus. They fully and knowingly participated in the infringing activities and the judgment properly should run against them as well as defendant corporation.

### **RECENT SUPREME COURT DECISIONS REAFFIRM PARKER PATENT IS DRAWN TO A VALID COMBINATION**

The decision of the U. S. Supreme Court in *U. S. v. Adams et al*, decided February 21, 1966, — U.S. —, 34 L. Week 4132, 148 USPQ 479, is a complete answer, as hereinafter pointed out, to defendants' contention that the Parker combination was not a patentable one.

Defendants do not contend that Parker's combination was not novel, nor that it was not useful, but they say it was obvious. The evidence showed that competent engineers had for years been giving thought and effort to produce a veneer feeder, but all their efforts failed including numerous earlier efforts made by Parker who produced the combination of elements that resulted in the feeder that first successfully fed green veneer into dryers. Not only had no one previously produced a successful feeder, but when Parker attempted to try out his feeder in a plywood mill he was refused permission by the mill operators. They were convinced that no mechanical feeder could be built to handle veneer because of its unusual qualities as compared to other sheet material.

*U. S. v. Adams, et al, supra*, affirmed a holding of the Court of Claims that Adams patent No. 2,332,210, relating to a wet battery was valid and infringed. Each of the

elements of the battery were well known in the prior art. The Supreme Court affirmed, nevertheless, that Adams' combination of old elements was patentable, thus, again reaffirming its previous rulings, and those of this circuit, that combinations of old elements may be patentable.

The Adams battery utilized one electrode of magnesium and the other of cuprous chloride. Both magnesium and cuprous chloride had previously been used as battery electrodes but never together. The Supreme Court said that "wholly unexpectedly" the combination showed various valuable advantages over combinations previously used in batteries.

The infringer contended that the combination "represented either no change or an insignificant change as compared to the prior art battery designs." The Supreme Court, however, did not agree. The combination was novel and useful and the Court concluded that it was not obvious to a person reasonably skilled in the art notwithstanding that magnesium and cuprous chloride were well known as electrode materials at the time Adams made his invention.

Parker, like Adams, put together a number of elements old in the art but which had never been combined in the manner in which Parker combined them. There was nothing to indicate that the combination, as Parker designed it, would have the new and nonobvious properties of the Parker device.

Parker had been experimenting for years in an endeavor to produce a machine that would mechanically and reliably load veneer into the decks of a dryer. No

machine had been developed that would load green veneer although there were well known in the art machines that loaded sheets having qualities unlike those of green veneer. Sheets of green veneer are not of uniform size, shape, thickness or flexibility and present problems in feeding that had at no time been answered in the prior art.

When Parker's patented apparatus was first offered to the industry, no one in the industry would permit the installation of the feeder in any of their plants. The feeder laid in storage in Portland for four years. Permission was finally obtained to install the machine in a plywood factory to feed a dryer that was not needed in production at the time.

The similarity of this to the development of the Adams' invention, is striking. The Supreme Court describes Adams' experimentations as follows:

"For several years prior to filing his application for the patent, Adams had worked in his home experimenting on the development of a wet battery. He found that when cuprous chloride and magnesium were used as electrodes in an electrolyte of either plain water or salt water that an improved battery resulted."

Beginning in the 1930's Parker and other Coe engineers worked on the problem of feeding veneer mechanically. They designed and built several trial machines in Coe's shops and finally in 1939 and 1940 Coe shipped three veneer feeders to Oregon for installation in plywood mills. Though Parker and other Coe engineers "made many diligent efforts to make them work . . . but after

spending much engineering talent and time and materials on them they were finally judged unsuccessful, even though the plant owners wanted them to work just as badly as we did, and we finally wound up by selling them for junk. They wouldn't work." (Tr. Vol. I 306)

When Parker's patented feeder was finally installed in a plywood mill it proved to be able to handle veneer with its unusual qualities of varying width, thinness, lightness, flexibility and tendency to curl. Witnesses to the performance of the machine testified that they were amazed and surprised.

In the *Adams* case noted experts believed the battery was not workable and had no utility. The same was true as to the Parker combination—no one familiar with the handling of veneer would permit the feeder to be installed in his plant.

Concurrently with its decision in *U. S. v. Adams et al*, supra, the Supreme Court handed down decisions concerning two other patents which it held to be invalid. These decisions were embodied in a single opinion, *Graham et al v. John Deere Co. et al; Calmar, Inc. v. Cook Chemical Co.; Colgate-Palmolive Co. v. Cook Chemical Co.*, — U.S. —, 34 L. Week 4119, 148 USPQ 459.

In the *Graham* case, Graham patent No. 2,627,798 under consideration was an improvement on an earlier Graham patent No. 2,493,811. Both patents related to manner of connecting a plow shank to a hinge plate which plate allowed the plow shank to push upwards when it hit obstructions in the soil being plowed. The

patents differed merely in the manner in which the plow shanks were connected to the hinge plates.

Scoggin patent No. 2,870,843 considered in the *Calmar* and *Colgate* cases related to the rearrangement of a seal in an old finger operated pump sprayer used as dispenser for containers packaging liquid products.

Graham patent 2,627,798 and Scoggin patent No. 2,820,943 were each held to be invalid on the ground that the improvements of the patents over the earlier pertinent art were obvious to a person reasonably skilled in that art. In each case, the alleged invention resided in small mechanical differences or improvements in prior devices intended for identical purposes. In neither case was a new combination presented to obtain a new and different result never previously obtained, as was the situation in *U. S. Adams et al, supra*, where a new type battery was provided, or here, where a new apparatus was provided that in the words of the Trial Court "was a new method of feeding sheets of green veneer into a dryer." (Finding of Fact XXXI)

#### **RECORD SUPPORTS DISTRICT COURT'S FINDINGS THAT PARKER PATENT IS VALID**

The District Court held that claims 3, 5, 7 and 17 here in issue cover combinations of old elements which produce a new, unobvious result and that the claims are valid. Defendants contend that Findings Nos. XXX and XXXI are clearly erroneous. They, however, do not allege error in the Court's basic findings respecting what the prior art was and what Parker did to improve it and which basic

findings amply support the ultimate findings of the District Court that the claimed combination accomplished a new result and was not obvious to a person skilled in the prior art.

These findings are adequately supported by the evidence. As has been previously pointed out, the development of the Parker feeder was preceded by years of unsuccessful efforts to develop an apparatus which would mechanically feed green veneer to a multiple deck dryer. When Parker's feeder was first offered to the industry, even though there was a need for such an apparatus, no one would permit its installation in a plywood mill because of the prevailing opinion that veneer because of its peculiar characteristics could not be mechanically fed. When Coe succeeded in having the feeder installed its performance amazed everyone in the industry and hand-feeding of veneer to dryers was virtually eliminated at the time of the trial. Until the accused apparatus appeared on the market some ten years subsequent to Coe's first introduction of the Parker feeder all mechanical feeders used were either manufactured by Coe or under license from Coe.

The evidence that the combination was not obvious was conclusive and none of the witnesses, including defendants' witnesses, even intimated that the combination was obvious.

Otto Jeddloh, who designed the accused apparatus, expressed no view that the Parker patent did not involve invention, and on the contrary he testified:

"Q. Now what I want is your view. What is

the difference between your machine and the Coe machine that makes yours an invention and prevents theirs from being an invention.

A. I don't make such a statement." (PX 55, p. 110)

\* \* \* \* \*

"Q. You claim that there was novelty and invention about your machine, don't you?

A. Yes.

Q. You claimed a patent on the basis of there being novelty and invention, didn't you?

A. Yes.

Q. Now, do you say that there is no novelty and invention so far as the Coe machine is concerned?

A. No, I wouldn't say that.

Q. You have not made such a contention?

A. No.

Q. Your position is that your machine does not infringe the patent here issued to Parker?

A. Right." (PX 55, p. 100)

Defendants' expert, Schulein, who made a study of the patent in suit and the 22 prior art patents introduced into evidence by defendants as anticipating the Parker patent, expressed his opinion of validity as follows:

"My present opinion is that it would be presumptively valid because it was issued, but I would not go further than that." (Tr. Vol. I 299)

Plaintiff's expert, Miles, an engineer with long experience in the plywood industry, testified that the designing of the patented machine was more than would be ex-

pected of a person skilled in the art (Tr. Vol. I, 285), and that if he had been present to witness the first feeding of veneer by the patented apparatus, he would have been "amazed and surprised" (Tr. Vol. I, 285).

Frank W. Milbourn, Jr., President of Coe, who was present when the patented feeder first went into operation testified:

"Q. Can you tell us anything about after your feeder was working at Crescent City how it was regarded by the supervising personnel?

A. Well, it was regarded as an amazing and successful development." (Tr. Vol I 308)

Fred Fields, a witness for plaintiff, testified:

"Q. How long was it tested before the purchaser was obliged to pay for it?

A. The machine was installed on a trial basis, as mentioned before, and they had allowed us a 60-day period within which to obtain satisfactory performance, and if the performance was proven in that period they had agreed to pay for it. Had it not been proven in that period, we would have had to remove it."

\* \* \* \* \*

"Q. With respect to the operation of this No. 48 feeder, can you tell us how did it appear to you as to whether it was a satisfactory solution or not?

A. I was frankly amazed, and during the course of the installation most of the people involved were familiar with plywood operations as they had been employed by other manufacturers of plywood before, and the general concept was that they did not believe that it would work, but after it was put into operation everyone was amazed." (Tr. Vol. I 314).

In attempting to show that the findings are not supported by the evidence defendants erroneously imply that Parker considered his invention was in "the discovery that pinch rolls would feed veneer." (DB pg. 20). Granted that Parker considered use of pinch rolls an important part of his development, nevertheless they were only a part of his invention as testified to by Mr. Milbourn:

" 'A. That idea basically, the one thing that had to be proved to see *if other aspects should be developed*, was whether or not a pair of pinch rolls would take hold of this sheet and propel it in a forward direction or would take hold of a series of sheets and propel it when only the entering edge of the sheet was pushed into the roller." (Tr. Vol. I, 143) (Emphasis ours)

" 'A. In this matter of the pinch rolls being the heart of the feeder, such is not precisely the case, and, as I started to say, we knew that we had used tipples in feeding multi-deck dryers of plasterboard and fiberboard nature, and we also knew that you could pull sheets off a pile, to do it by hand. We also knew in plasterboard and fiberboard feeders that if the sheets were coming one at a time that we could feed them very successfully.

The thing we did not know was how to get that veneer, or I should say Mr. Parker did not know or nobody knew at that time, was how to get that veneer off of the pile and maintain stack alignment and still keep the opposite end of the device lined up with the decks of the dryer. In other words, the most unknown factor was whether the pinch rolls would successfully propel the veneer. Granted

that pinch rolls in themselves were not new, but, to the best of our knowledge, no one had used pinch rolls to propel veneer by sticking only the entering edge of the veneer into the pinch rolls, but *it is the combination of the intermittently operating pinch rolls, combined with the means of maintaining the stack height of the infeed end and maintaining the outfeed end of the proper relationship with the decks of a multi-deck dryer that actually comprise the invention.*" (Tr. Vol. I, 145) (Emphasis ours)

## COMBINATIONS OF OLD ELEMENTS ARE PATENTABLE

Defendants concede that the elements were never combined in the prior art as Parker combined them. Parker provided a new and novel apparatus, not obvious from the prior art, and one producing a new result, that is, one never before achieved. That being the case, invention is present whether the elements are old or new.

*U. S. v. Adams et al*, supra, does not establish any new law, merely reaffirms the prior law. Robinson, in § 155 of his *Law of Patents for Useful Inventions*, states as follows:

"While every element remains a unit, retaining its own individuality and identity as a complete and operative means, their combination embodies an entirely new idea of means, and thus becomes another unit, whose essential attributes depend on the co-operative union of the elements of which it is composed.

"Such a combination is a different invention from the elements themselves, whether considered in their separate or their aggregated state, the meth-

od of their co-operation in the combination being the result of the inventive act.

“Whether the elements are new or old, and whether they co-act successfully or simultaneously is of no importance.

“To unite them in a new means by the exercise of inventive skill is invention, and renders the combination, as an entirety, the subject matter of a patent.” (Emphasis ours)

The Supreme Court in *Leeds & Catlin Co. v. Victor Talking Machine Co.* (1909), 213 US 301, at page 318, defined a combination as follows:

“A combination is a union of elements which may be partly old and partly new, or wholly old or wholly new. But, whether new or old, the combination is a means — an invention — distinct from them. They, if new, may be inventions and the proper subjects of patents, or they may be covered by claims in the same patent with the combination.

“But whether put in the same patent with the combination or made the subjects of separate patents, they are not identical with the combination. To become that they must be united under the same co-operative law. Certainly, one element is not the combination, nor, in any proper sense, can it be regarded as a substantive part of the invention represented by the combination, and it can make no difference whether the element was always free or becomes free by the expiration of a prior patent, foreign or domestic. In *making a combination, an inventor has the whole field of mechanics to draw from.* This view is in accordance with the principals of the patent laws. It is in accordance with the pol-

icy of § 4887 of the Revised Statutes, which is urged against it.” (Emphasis ours)

Judge Learned Hand remarked in *Reiner, et al. v. The I. Leon Co., Inc.*, 285 F.2d 501, 128 USPQ 25 (CA 2, 1960):

“ . . . It is idle to say that combinations of old elements cannot be inventions; substantially every invention is for such a ‘combination’; that is to say, it consists of former elements in a new assemblage. All the constituents may be old, if their new concurrence would ‘not have been obvious at the time the invention was made to a person having ordinary skill in the art.’ (§ 103, Title 35).”

The situation here is similar to that present in *Kammerer Corp. v. McCullough*, 59 F. Supp. 213, 215, 216, 50 USPQ 12 (DC S Cal, 1941), affirmed by this Court, 138 F2d 482, 59 USPQ 263, where Judge Yankwich finding the patent in suit valid said:

“ . . . while the elements of the combination may be old in the art, there is nothing in the prior art akin to the manner in which they are combined in this patent in order to produce a better result,—that is, a tool which, with great commercial success over a long period of years, achieved results not heretofore attainable by any prior device known to the art. This is invention over the prior art. (Citing cases)”

He went on to say:

“It is true that the same expert claimed, and counsel for the defendants have argued, that, while these elements are not found in the same combination in prior patents, each of them can be found

in one or another of the patents in the rich prior art in the field of tools for cutting and removing pipe from oil wells. But this fact does not stand in the way of validity.

“For, it is a fundamental principle of the law of patents, declared by the Supreme Court in a leading case, dating back to 1878, that the separate presence of the elements of a combination in three or four other patents in the prior art does not preclude a finding of invention when these elements are so combined as to produce a new or better result. The case which I refer to is *Bates v. Coe*, 1878, 98 U.S. 31, 48”.

This definition of invention was cited with approval by this court in *Coleman Co. Inc. v. Holly Mfg. Co.*, 233 F.2d 71, 109 USPQ 204 (1956).

Other decisions of this Court sustaining patents on new combinations of old elements include:

*Ry-Lock Co. v. Sears, Roebuck & Co.*, 227 F.2d 615, 107 USPQ 292 (1955).

*Winslow Engineering Co. v. Smith*, 223 F.2d 438, 106 USPQ 209 (1955).

*Oxnard Cannery, Inc. v. Bradley*, 194 F.2d 655, 93 USPQ 123 (1952).

The patents to Cross 640,638, Campbell 1,216,773 and Streeter 1,809,456 discussed by defendants in their brief can not be expected to teach the combination of the Parker invention for feeding veneer inasmuch as none of such patents was concerned with veneer feeding. They were all concerned with the feeding of paper, steel sheet and plasterboard, manufactured products having uniform charac-

teristics. Veneer is a unique material. Plaintiff's expert, Miles, testified as follows:

"Well, in the first place, veneer is unlike many other materials that have been encountered in industry, and it is not a manufactured product. It is a forest product. Plasterboard, paper, sheetmetal and things, all those various materials, are of a known size, thickness, flatness, flexibility, and all the other characteristics of the materials are known and the products. In the case of plywood, it is relatively light and relatively thin. It constitutes in its green form, approximately half of its weight is water. It has a tendency to curl, and it is widely varying in any given load that is fed into a dryer, consisting of some of the sheets sideways to a full, a 14-foot width. They can vary all the way from 12 inches wide in each individual piece up to 50 inches wide whereby with the 50 inches it is known there would be three stacks of 50-inch-wide material. When you are running a lower-grade veneer which has been clipped into a known width, you may have as many as 15 or 20 sheets which have to be pushed up into a ready position. Obviously, the over-all problem of feeding means that you have to pre-assemble all of these sheets of veneer into a row, a kick-off point so to speak, so that when they are fed through they will wind up in the proper location in relation to the following sheet on each deck. The nature of any wood product has given a great many of us a lot of trouble and cause for a great deal of head-scratching in the years past." (Tr. Vol. I, 62-63)

The industry as a whole obviously shared the belief that veneer is a difficult material to handle as is evidenced by the fact it took four years for Coe to convince

someone to try the first feeder built under the Parker patent (Tr. Vol. I, 307-309).

The cases cited by defendants in support of their contention that Parker's combination was not patentable in fact support the Trial Court's conclusion that claims 3, 5, 7 and 17 are valid. In each of defendants' cases the alleged invention considered was a minor change in the construction of an existing apparatus which after the change performed no different function. In none of the cases was a new apparatus produced, that is, one which did something different than had been done before. The alleged inventions of defendants' cases were similar to the alleged inventions of the Graham and Scoggin patents considered in *Graham et al v. John Deere Co.*; *Calmar v. Cook Chemical Co.*, and *Colgate-Palmolive Co. v. Cook Chemical Co.*, *supra*.

In *Photochart v. Photo Patrol*, 189 F.2d 625, 90 USPQ 46 (C.A. 9, 1951) this Court affirmed the judgment of the District Court holding invalid a patent in which the patentee merely changed the position of the slit in a prior slit camera used for photographing the finish of races. The Court, in finding no invention said:

"Del Riccio has changed the position of one of these elements (the narrow slit) . . . in our view this variation of an old device is within the reasonable skill of one working in the art."

Thus, there was not present in the *Photochart* case an entirely new apparatus performing a different function as is present in the case at bar.

In *Himes v. Chadwick*, 199 F.2d 100, 95 USPQ 59

(C.A. 9, 1952), after a jury verdict in favor of plaintiff the Trial Court entered a judgment n.o.v. in favor of defendant. The patent involved a folding cardboard carton having flaps of a certain construction from four side walls. A prior patent to Berkowitz showed similar flaps but on only two side walls. The Trial Court held that it was not patentable to use Berkowitz' flaps on all four side walls since this was taught in an earlier British patent and this Court affirmed.

Water is raised in deep wells by installing a series of pumps one above the other. *Berkeley Pump v. Jacuzzi Bros.*, 214 F.2d 785, 102 USPQ 100 (C.A. 9, 1954) concerned such a pump. The case was tried before a jury and at the close of plaintiff's prima facie case the trial judge directed a verdict for defendant. This Court affirmed. An unpatented "Advance Pump" used a jet device in the well to raise the water at low pressure to the top of the well casing and a high speed centrifugal impeller or turbine pump at the top of the casing. The patentee simply substituted a conventional turbine pump to raise the water to the top of the well in place of the jet pump used in the "Advance Pump."

*William T. Alvarado Sales Co. v. Rubaloff*, 263 F.2d 926, 120 USPQ 355 (C.A. 9, 1959), concerned a patent on a supermarket check-out stand. The patentee used a turntable in place of a conveyor belt or a U-shaped pull frame. This Court affirmed the holding of the Trial Court that the substitution made by the patentee was not an inventive one.

A small mechanical change in collapsible baby strol-

lers was involved in *Welsh Co. of California v. Strolee of California, Inc.*, 313 F.2d 923, 136 USPQ 519 (C.A. 9, 1963). A particular type of toggle bar used in the patented device was old, and the Court held that there was no invention in using this particular toggle bar, "rather than any one of a dozen other means of stopping the pivotal movement."

*Packwood v. Briggs & Stratton Corp. et al*, 195 F.2d 971, 93 USPQ 274 (C.A. 3, 1952) was tried before a jury. The District Judge denied defendants' motion for a judgment n.o.v. while candidly stating his own convictions that the patent was invalid for lack of invention. The Court of Appeals reversed and held the patent invalid.

The patent covered the relocation or transfer of the screen of a power lawn mower which prevents the entrance of grass and other foreign matter into the intake of the air cooling system of the motor. The patentee connected the screen to the cam shaft so that it would rotate whereas in the prior art it was stationary having been connected to the fan casing.

*Talon, Inc. v. Union Slide Fastener, Inc.*, 266 F.2d 731, 121 USPQ 249 (C.A. 9, 1959) affirmed a judgment of the District Court holding invalid a patent covering a machine for manufacturing zippers. The asserted invention lay in an arrangement for keeping the zipper under control during manufacture. This Court's observation is as follows:

"Control then is the essence of what Talon claims to be new and different about its patent.

But at least one patent cited by Union, Sundback, patent No. 1,331,884, which preceded Silverman, combined in one machine both the production of the zipper element and its attachment to a tape and also kept the elements under control . . . possibly this does not give the complete control of Silverman, but it is control none the less."

*Continental Connector Corporation v. Houston Fearless Corporation*, 350 F.2d 183, 146 USPQ 630 (CA 9, 1965) wherein this Court affirmed the District Court, again involved the improvement of a single element in an otherwise old combination. The patent was directed to a connector or socket for receiving a printed circuit panelboard. Connecting sockets are old and the alleged improvement here resided solely in the configuration of a contact spring. The Court held that the substitution of one old spring for another was not patentable.

*Canadian Ingersoll-Rand Co. v. Peterson Products*, 350 F.2d 18, 146 USPQ 327 (CA 9, 1965) affirmed a judgment of the District Court (223 F. Supp. 803, 139 USPQ 61, D.C., N.D. Cal.) holding a patent invalid. That patent related to apparatus for spraying resin together with glass fibers to form a coating upon a suitable form or mold. The apparatus included two sprayers, one of which sprayed catalyzed resin, and the other of which sprayed a promoter resin in such a manner that they were mixed after spraying. A rotary cutter was mounted with the spray gun in such a manner that the cut lengths of fiberglass were ejected into the converging resin sprays. This concept of "simultaneously spraying a catalyzed resin through one spray gun and a promoter resin

through another spray gun for externally mixing the two reactant adhesive components, was old in the art.” But it was also old to hold a cutter in one hand and the spray guns in the other:

“This cutter and Schori gun were used conjointly—one held in one hand and one held in the other—to simultaneously cut fiberglass roving into shorter and spray the cut fibers with the two component resin binder . . . .” (139 USPQ at 68)

This Court approved the Trial Court’s holding that the alleged invention was simply drawn to an obvious combination.

From the foregoing discussion of these cases it is apparent that facts bearing on the question of nonobviousness in such cases are so different from the facts present here that these cases are not authority for questioning the findings of the Trial Judge in this case that the invention was not obvious.

The defendants point to no evidence which would indicate that the Trial Court’s findings upon novelty, obviousness and invention are erroneous. In the absence of anything in the record to show that the findings are “clearly erroneous” they should be sustained. Pertinent is the language used by this Court in *Stauffer v. Slenderella*, 254 F.2d 127, 115 USPQ 347 (1957):

“This Court has consistently held that the question of validity of a claim of a patent is one of fact. The findings of a judge upon novelty, utility and invention are entitled to great weight when made after trial of these issues. This Court will respect such findings unless the record shows these to be ‘clearly erroneous.’ ”

## ALL CLAIMS ARE DIRECTED TO VENEER HANDLING APPARATUS

Defendants disagree with the trial court which interpreted the claims in suit as being directed to an apparatus for feeding sheets of veneer into a veneer dryer. The claims were correctly so construed. The patent is entitled "APPARATUS FOR HANDLING VENEER." The opening paragraphs of the specification read as follows:

"The present invention relates to material handling apparatus of the feeder type, and, more particularly, to *apparatus for feeding veneer* to a multiple deck conveyor type veneer dryer from a stack of veneer.

"The principal object of the invention is the provision of a simple, inexpensive and reliable *apparatus for feeding veneer* from a stack of veneer to a multiple deck conveyor-type veneer dryer with minimum effort on the part of an operator.

"A more specific object of the invention is the provision of a novel and improved *apparatus for feeding veneer* from a stack of veneer to a multiple deck conveyor-type veneer dryer in predetermined relation upon the top piece of a stack of veneer being pushed forwardly of the stack proper a small amount by an operator." (Emphasis ours.)

The patent illustrates two embodiments of apparatus for feeding veneer and is otherwise entirely directed to feeding veneer.

The specification concludes as follows:

"From the foregoing it will be apparent that the

objects heretofore enumerated and others have been accomplished and that there has been provided a novel and improved *apparatus for feeding veneer* to a multiple deck dryer, or, in fact, any similar sheet material to a multiple deck machine in predetermined sequence and in predetermined spaced relation." (Emphasis ours.)

The last quoted paragraph refers to similar sheet material. The evidence disclosed no sheet material similar to veneer nor that the Parker feeder has been used for other than veneer.

From the foregoing it is evident that the claims in suit when using a term such as "in equipment for loading material in sheet form into a multiple deck conveyor-type machine," have reference to veneer alone.

In *United States v. Adams et al*, supra, the Supreme Court construed claims which did not mention water as being directed to a battery utilizing water as an electrolyte. The pertinent portion of the decision is as follows:

"There are several basic errors in the Government's position. First, the fact that the Adams battery is water-activated sets his device apart from the prior art. It is true that Claims 1 and 10, supra, do not mention a water electrolyte, but, as we have noted, a stated object of the invention was to provide a battery rendered serviceable by the mere addition of water. While the claims of a patent limit the invention, and specifications cannot be utilized to expand the patent monopoly, *Burns v. Meyer*, 100 U.S. 671, 672 (1897); *McCarty v. Lehigh Valley R. Co.*, 160 U.S. 110, 116 (1895), it is fundamental that claims are to be construed in the light

of the specifications and both are to be read with a view to ascertaining the invention, *Seymour v. Osborne*, 11 Wall. 516, 547 (1870); *Schriber-Schroth Co. v. Cleveland Trust Co.*, 311 U.S. 211 (1940); *Schering Corp. v. Gilbert*, 153 F.2d 428 (1926). Taken together with the stated object of disclosing a water-activated cell, the lack of reference to any electrolyte in Claims 1 and 10 indicates that water alone could be used."

In *Everest v. Duke*, 139 F.2d 22, 60 USPQ 56, the Court of Appeals for the Seventh Circuit said:

"Appellant further contends that claim 1 refers to any kind of a folding chair, with or without wheels, and hence it is anticipated by the cited prior art. It is true that claim 1 merely describes a folding chair, but for reasons heretofore stated, that fact does not render the cited prior art any more pertinent. However, this patent was issued by the Patent Office on a 'Folding Propulsion Wheel Chair.' We understand that all claims should be construed in the light of the specification and the drawing. They conclusively prove that the patent was properly named by the Patent Office and we are convinced that claim 1 should be construed as referring only to a folding propulsion wheel chair."

Defendants complain that claims 10, 11 and 14 were amended at the time of reissue to refer to the equipment as for loading sheet "veneer" material. All that this amendment did was make explicit in the claims that which the Supreme Court in *U. S. v. Adams et al*, *supra*, said should be read into the claims.

Other cases supporting the District Court's holding of validity follow.

In *Hughes Blades, Inc. v. Diamond Tool Associates*, 300 F.2d 853, 132 USPQ 305 (1962), this Court remanded a case to the trial court directing it to consider the tests of invention suggested by Judge Learned Hand in *Safety Car Heating and Lighting Co. v. General Electric Co.*, 155 F.2d 937, 69 USPQ 401. These suggested tests for an invention and our answers as applied to the invention at issue are as follows:

1. How long did the art, though needing the invention, go without it? Answer—more than 20 years.

2. How many sought to meet the need? Answer—at least Parker and a number of Coe engineers.

3. The period over which their efforts were spread? Answer—1936 to 1948.

4. How many, if any, came upon it at about the same time? Answer—Parker alone.

5. Perhaps most important of all—the extent to which it superseded what had gone before? Answer—by the time of trial it virtually eliminated hand feeding of veneer dryers.

These same considerations were applied by this Court in *Hayes Spray Gun Co. v. E. C. Brown Co.*, 291 F.2d 319, 129 USPQ 383 (1961):

“In further support of its claim of invention, appellants point to the trial court’s findings that there was great need for a sprayer such as Hayes’ capable of proportioning (Findings IV, V, VI and XXX). Numerous other devices, the court found, did not meet the need so established (See Findings XXVI, XXVII) but the Hayes device did (Finding

XXXI). In holding a patent for an improved pulley belt to be valid, in another case, the Supreme Court considered the facts that several previous efforts had failed and that the inventor himself had spent a number of years experimenting before he hit upon the solution. Appellants also point to commercial success of the device, a fact which, though not conclusive, tends to prove the originality and utility of the product. Finally, appellants rely upon the presumption of validity arising out of the Patent Office's issuance of the patent. Such presumption can be overcome only by clear and convincing evidence. And there appears to be no suggestion that the Patent Office did not consider the most pertinent reference before issuing the patent.

"In short, the Hayes device must be regarded as an invention; it is an advancement which was not obvious at the time it was made."

The decisions of the Ninth Circuit referred to above have uniformly followed the standard of invention laid down by the Supreme Court and most recently reaffirmed in *Graham v. John Deere Co.*, *Calmar Inc. v. Cook Chemical Co.* and *United States v. Adams*, *supra*. The Parker invention meets the conditions of patentability set forth in these decisions: it is new, useful and the differences between the subject matter of the Parker patent and the prior art are such that as a whole it was not obvious at the time Parker made his invention to a person having ordinary skill in the art to which it pertains. 35 U.S.C. 103.

## CLAIMS IN ISSUE DO NOT OVERCLAIM INVENTION

The successful feeding of veneer from stacks to the various decks of a dryer comes about only because of the cooperation of the elements called for acting in combination. Defendants' contention that Streeter 1,809,456, has all of the elements of Parker except the pinch rolls and therefore Parker overclaimed his invention is not true.

As stated by defendants:

"Streeter was principally concerned with feeding partially manufactured material, such as wallboard, *which could not be stacked* and was therefore moved in a more or less *continuous plan* from a pressing device to the multiple-deck dryer." (D's Br. p 26) (Emphasis ours)

Streeter lacks among other things, any element for roll-stack alignment. The so-called jump rolls, Unit A, that are utilized by Streeter are simply direction changing devices and consist of nothing more than a set of powered rolls spaced between and parallel to conveyor belts 1 upon which plasterboard is carried to a position in front of the tipple B. The rolls can be raised sufficiently to enable the plasterboard to be moved above the belts and delivered to the tipple B which conveys the plasterboard to the dryer. It is obvious that the addition of a set of pinch rolls to Streeter would not have resulted in the Parker apparatus.

It is clear that Parker made a new combination of elements and not merely an improvement in an element nor did he merely substitute one known element for an-

other as was the case in *Pierce v. Ben-ko-matic*, 310 F.2d 475 (C.A. 9, 1962) and in *Heyl & Patterson, Inc. v. McDowell Co.*, 317 F.2d 719 (C.A. 4, 1964). In the former the patentee substituted a pulley as a cable guide means in a street sweeper broom rewinding machine in place of a squeeze block used in a prior art machine that otherwise had all the elements of the patented machine and functioned identically. In the latter case complex apparatus for loading coal from shore into a ship's hold was involved. The patentee attempted to claim in combination all of the apparatus utilized, but the court found that the sole improvement over the prior art was "in a mechanical change to facilitate the use of the upper end of the chute leading to the ship's hold in place of a stationary pan."

### THE TRIAL COURT CORRECTLY HELD CLAIM 17 TO BE INFRINGED

In the previous appeal in this matter, this Court observed as to infringement:

"Our study of the record causes us to conclude that the question of infringement of the claims in issue is a close one, at least with regard to claim 17. At all events, non-infringement is not readily apparent or perfectly clear . . ."

Upon remand Judge Solomon reconsidered the question of infringement of all of the claims and found claim 17 to be infringed, stating as follows:

"In my original findings I concluded that the accused apparatus did not have a vertically mov-

able assembly at the infeed end. Upon re-examination I have concluded that I erred. I now find that the accused apparatus does have a vertically movable assembly or its full equivalent at the infeed end and that the accused apparatus does infringe claim 17 of the patent in suit."

The trial court found that the elevatable or scissor-like platforms of defendants' apparatus "are integral and essential parts of the accused feeding apparatus." (Finding XLIV) The defendants' argument that they do not infringe claim 17 is based upon their contention that this finding is clearly erroneous.

The evidence fully establishes that the elevatable platform is an essential and integral part of the accused apparatus.

As is brought out in the opinion of the Trial Court and its Findings, an essential feature of the patented apparatus is the maintenance of the top of the stack of veneer being fed at a level with the nip of the infeed pinch rolls so that an operator may simply push off the top layer of veneer from the stack of veneer into the pinch rolls. Without such roll-stack alignment the apparatus would have no utility.

It is obvious that either the rolls could be raised or lowered or the stacks could be raised or lowered to maintain roll-stack alignment. Parker illustrated an arrangement in which the infeed rolls were raised and lowered. He clearly contemplated the alternative arrangement. In his patent he states:

"It is also to be understood that the vertically

movable assembly of the infeed end unit C may be positioned at some convenient height above the floor and the veneer fed thereto in any suitable manner, either manually or automatically." (Tr. Vol. I, 343, Col. 9, lines 9-13)

The suggestion of fixing the roll height was followed by Coe's licensee, Moore Dry Kiln Company, who put the veneer stack upon an elevatable platform (Tr. Vol. I, 132-133).

The defendants have used the same system as Moore and made their infeed rolls stationary and positioned the veneer stacks on an elevatable platform in front of the infeed rolls.

The defendants argue that the elevatable platform is a "standard piece of unpatented equipment which is commonly used in plywood manufacturing plants and is available from various sources." Such a statement could be made of numerous parts of any combination apparatus—of the motors, of the nuts and bolts which hold it together, of the individual wheels which go to make up the top infeed roll of the defendants' apparatus and of countless other parts. The test is, would defendants have a useful apparatus without the elevator. The evidence is clearly to the contrary.

Defendant Otto Jeddelloh testified that the elevatable platform works in combination with the rest of the apparatus (Tr. Vol. I, 126). He further testified that he did not know of any of the accused devices, of which there were about one hundred at the time of trial, that did not include an elevatable platform to maintain the

stacks of veneer at the height of the infeed roll. In his own patent No. 2,876,009 (DX 123) covering the accused apparatus he illustrates, describes and claims the elevatable platform as a part of his apparatus:

“1. In sheet handling mechanism for handling sheets of predetermined length, a multiple deck receiving conveyor assembly . . . , a pivotal loading conveyor mechanism . . . , *elevatable platform means* adjacent the infeed end of said loading conveyor mechanism supporting stacked sheets to be fed to said loading conveyor mechanism, . . .” (Emphasis ours)

(Defendants conveniently omit from their brief appendix the pages of the drawings of the Jeddelloh patent No. 2,876,009 illustrating the elevatable platform).

Drawings supplied during discovery by defendants of the accused apparatus showed the elevatable platform (Px. 5).

In response to a question as to how the balance of his feeder apparatus would be utilized if the veneer was not on an elevator, Otto Jeddelloh responded:

“I don’t know.” (Tr. Vol I, 127)

The elevatable platform is a part of and cannot be separated from the rest of the accused apparatus. It is part and parcel of the “entering end” of the “vertically movable feed means” called for in claim 17, as correctly recognized by the Trial Judge. The elevatable infeed pinch rolls of Parker and the elevatable platform of the accused apparatus perform the same functions in substantially the same way to attain the same result, that is, roll-stack alignment.

Defendants urge that DX 129 was improperly excluded from evidence. This exhibit was a description of a so-called Model 58 veneer feeder apparatus which plaintiff produced in limited numbers and which was designed for use with an elevator but which elevators plaintiff does not itself produce, as contrasted to defendants who manufacture and sell hoists or elevatable platforms for use in their feeders.

The statement which defendants sought to have introduced was made by an engineer-employee of plaintiff (Tr. Vol. I, 150). There was no evidence that the statement had been authorized or approved by any official of the company and insofar as the evidence showed it was the conclusion of that employee alone. How he reached this conclusion is not shown, and what he meant by the statement which defendants attempted to get on the record is unknown. The conclusion of that employee would have no value in any event unless the qualifications of that employee to have an opinion were in evidence, and defendants made no attempt to show his qualifications. It would appear that the statement was wholly incompetent to establish or prove any fact or issue in this case and the exhibit was properly excluded.

The other facts in evidence here show, in any event, that the elevatable platform of defendants' apparatus is a necessary and integral part thereof.

### DEFENDANTS' MERE REVERSAL OF PARTS DOES NOT AVOID INFRINGEMENT

In the illustrated embodiments of the Parker apparatus the stacks of veneer to be fed are placed upon a platform and the infeed pinch rolls are adjusted to the top of the veneer stack. The accused apparatus merely reversed this arrangement by placing the stack on an elevatable platform and fixing the height of the rolls. Such a reversal of parts, in fact suggested by Parker (Tr. 343, Col. 9, lines 9-13), does not avoid infringement.

“Changing the relative positions or reversal of the parts of a machine or manufacture does not avert infringement, where the parts transposed perform the same respective function after the change as before.” *Bianchi v. Barili*, 168 F.2d 793, 800, 78 USPQ 5, 10 (C.A. 9, 1948)

The situation in the *Bianchi* case was similar to that here. Infringement was charged of a ravioli manufacturing machine having two rollers through which the paste material was passed. The patented device had axial cutters on one roll and annular cutters on the other roll. The defendants placed both types of cutters on one roll and argued that they thereby avoided infringement. This argument was rejected:

“The mere transfer of the axial cutters from the roller containing the molds to the other roller, containing the annular peripheral cutters, does not avert infringement. The function of cutting in the two machines are identical.”

Also appropriate is the decision of the United States

Supreme Court in *Machine Co. v. Murphy*, 97 U.S. 120. Infringement was charged in that case of a patent showing a machine for cutting paper bag blanks from a sheet of paper by a cutter arranged to ascend and descend as the paper was drawn beneath it. The accused device utilized a fixed cutter over which the paper sheet was drawn, a striker being caused to fall upon the cutter and paper to effect cutting of the paper. In holding infringement the Court observed:

“The knife and the striker, operating together, perform the exact same function as that performed in the complainant’s machine by the ascent and descent of the cutter.”

To paraphrase—the elevator and fixed rolls of the accused machine, operating together, perform the exact same function as that performed in the complainant’s machine by the ascent and descent of the rolls.

The defendants urge, of course, that Parker did not show an elevatable platform for his stacks of veneer. This Court, however, has correctly recognized that a patentee is not limited to the illustrated embodiment of his invention. In *Hansen v. Colliver*, 282 F.2d 66, 69, 127 USPQ 32, the following was stated:

“A claim, however, does not limit the patentee to the exact mechanism described, leaving the public at liberty to construct substantially identical copies of the patented machine by varying its form or proportion (*White v. Dunbar*, 119 US 47, 7 S. Ct. 72, 30 L. Ed. 303), or to adopt mechanical equivalents for the machine, or portions thereof (*Hobbs v. Beach*, 180 US 383, 21 S. Ct. 409, 45 L. Ed. 586).”

## PATENT CLAIM 17 WAS NOT LIMITED BY ESTOPPEL

Claim 17 of the patent was added to the application after it was filed as application claim 21. The claim was allowed by the Examiner as presented and without any amendment whatsoever. Under the rule of this Court there can be no estoppel as to the interpretation of this claim.

"It is a rule in this Circuit that admissions made by the applicant to the Examiner are not to be used to narrow the scope of his claim unless he has made changes in his application pursuant to the Examiner's suggestion." *Schnitzer v. California Culvert Co.*, 140 F.2d 275 (C.C.A. 9)

In presenting claim 17 (application claim 21) to the Patent Office Parker did not disclaim a machine which had fixed infeed rolls as argued by defendants. When claim 21 was added, Parkers' sole comments respecting the claim was as follows:

"Favorable consideration to new claim 21 presented herewith is requested. This claim is drawn along the lines of claims already in the application and is generic to both of the preferred embodiments shown. None of the references of record shows a sheet feeding mechanism for a multiple deck, power-driven, conveyor-type machine comprising power driven pinch rolls, means for producing relative movement between the pinch rolls toward and from each other, power actuated means for vertically moving the entering end of the feed means, and automatically controlled, power-actuated means for moving the discharge end of the feed means ver-

tically in timed relation to the relative movement of the pinch rolls. Referring to the references relied upon in the last Office Action, attention is called to the fact that neither Jones, Smith, nor Brunner, shows any feeding means employing pinch rolls, much less automatically controlled vertical movement of the discharge end of a feeding means operated in timed relation to the relative movement of pinch rolls toward and from each other."

There is certainly nothing in this statement by Parker that can be interpreted as a disclaimer of an apparatus having fixed infeed rolls. Parker simply pointed out that none of the prior apparatus had "power actuated means for vertically moving the entering end of the feed means" in combination with the other elements making up the apparatus.

In summary, the Trial Court's finding XLIV that no estoppel existed to the scope of interpretation of claim 17 and its conclusion that defendants' apparatus infringes claim 17 are eminently correct and should be affirmed.

#### **COURT DID NOT ABUSE DISCRETION IN DECLINING TO RULE UPON PROPRIETY OF REISSUE**

At the time of the original trial and upon remand defendants were charged with infringement only of claims 3, 5, 7 and 17 carried over without change from the original patent to the reissue. Plaintiff having abandoned whatever rights it may have had under other claims of the patent is precluded from recovering against

defendants with respect to such other claims of the patent because of defendants' manufacture, use or sale of the accused apparatus.

This Court has in numerous cases held that it is unnecessary to decide the validity of claims which have been held non-infringed. In *Del Francia v. Stanthony Corp.*, 278 F.2d 745, 125 USPQ 385 (C.A. 9, 1960) this Court affirmed a lower Court's opinion that the accused device did not infringe the patent in suit but directed the lower Court to reverse a holding of invalidity on the ground that the public interest did not require a determination of the validity of the patent. Surely, claims not in issue respecting which plaintiff is estopped from recovering against defendants for any of the acts complained of in this action do not present a situation which is any different than that presented in the *Del Francia* case. Accordingly, the Trial Court was justified in not determining the validity of any of the claims of the patent in suit other than claims 3, 5, 7 and 17.

Defendants' challenge of the validity of the reissue patent arises as a counterclaim for declaratory judgment, and it would appear that no actual controversy between the parties existed, within the meaning of 28 U.S.C. 2201, relating to declaratory judgments, other than the validity and infringement of claims 3, 5, 7 and 17. Having properly determined that the circumstances of the reissue could not affect the validity of claims 3, 5, 7 and 17, the Court did not abuse its discretion in declining to decide whether reissue of the Parker patent was proper or improper.

Defendants here are not interested in an adjudication of any claims except claims 3, 5, 7 and 17. At the hearing of December 7, 1962, upon remand, defendants stipulated that they were directing their inquiry of validity only to claims 3, 5, 7 and 17.

“THE COURT: I have reread the Court of Appeals’ opinion. Apparently they want findings on every issue raised by the complaint and supplemental complaint and the answer on the counterclaim.

Mr. Kolisch, what issues are you going to rely on at this time? As far as validity is concerned, are you going to rely on no invention?

MR. KOLISCH: Yes, we would rely on the question of validity, and on the merits we will raise the usual defenses of no invention. But we will agree to limit the inquiry with respect to Claims 3, 5, 7 and 17.

We had asked for a declaration of invalidity on the merits of the claims. Now we are willing at this time to limit the inquiry at this time to three specific claims on the merits.

THE COURT: Are there not four?

MR. KOLISCH: I am sorry, 3, 5, 7 and 17.

I would like to distinguish at this point, just so that there isn’t any misunderstanding, we are still going to urge invalidity of the whole patent for legal reasons, and those legal reasons are the invalidity of the reissue.” (Tr. Vol. IV, 2)

The Section of the Patent Act relating to reissues specifically provides:

“The surrender of the original patent shall take effect upon the issue of the reissued patent, and every reissued patent shall have the same effect and

operation in law, on the trial of actions for causes thereafter arising, as if the same had been originally granted in such amended form, but *insofar as the claims of the original and reissued patents are identical, such surrender shall not affect any action then pending* nor abate any cause of action then existing, and the reissued patent, to the extent that its claims are identical with the original patent, shall constitute a continuation thereof and have effect continuously from the date of the original patent." (Emphasis ours). 35 U.S.C. § 252.

This is merely a restatement of the common law as previously laid down by the Supreme Court in *Gage v. Herring*, 107 U.S. 640, 2 S. Ct. 819, 27 L. Ed. 601 (1882) and *Leggett v. Standard Oil Company*, 149 U.S. 287, 13 S. Ct. 902, 37 L. Ed. 737 (1892).

In *Gage v. Herring*, *supra*, the Supreme Court found that the reissue patent in suit was improperly reissued and held that the newly added claim of the reissue was invalid. However, as to the claim which was carried over from the original patent into the reissue it stated as follows:

"The invalidity of the new claim in the reissue does not indeed impair the validity of the original claim which is repeated and separately stated in the reissued patent." 107 U.S. 646.

Subsequently, in *Leggett v. Standard Oil Company*, *supra*, the Supreme Court affirmed this view:

"This second claim of the reissue, being a manifest attempt to broaden the original patent, cannot, in view of the amended specification on which it was based or procured, be held to cover a glue

lined barrel as an article of manufacture, which was distinctly disclaimed by the original specification.

“But the invalidity of this new claim in the re-issue does not impair the validity of the original claim, which is repeated and made the first claim of the reissued patent. *Gage v. Herring*, 107 U.S. 640, 646. (149 U.S. 293).”

Thus, the Supreme Court in *Leggett v. Standard Oil*, supra, held directly contrary to the position which the defendants urge upon this Court. The Court held that the reissue was improperly granted but this did not affect the validity of an original claim carried over into the reissue.

The present statute, 35 U.S.C. 252, with respect to the effect of surrender of an original patent, is identical to prior Section 64, Title 35 U. S. Code, under which the Court of Appeals for the Second Circuit held that claims carried over from an original patent were not affected by any impropriety of the reissue.

In *Foxboro Company v. Taylor Instrument Companies*, 157 F.2d 226, 70 USPQ 338 (C.A. 2, 1946) Judge Learned Hand speaking for that Court said:

“We limit our consideration of the validity of the claims to those on which the plaintiff alone relies: reissue claims two, and ten are ‘proportioning’ claims, and claims five and thirteen are ‘reset’ claims. All these were in the original patent in substantially the same form that they appear when reissued; and the same indeed applies to all the first sixteen claims of the reissued patent. As

to these we need not consider whether Mason showed adequate excuse for any reissue whatever, because, even though he did not, the surrender of the original patent, resulting from the acceptance of the reissue, did not invalidate any claims which he carried over into the reissue. For a time this was in some doubt (*Eby v. King*, 158 US 366, 15 S. Ct. 972, 39 L. Ed. 1018), but the amendment to Sec. 64, Title 35 U. S. Code, in 1928 has now set the question at rest. *Schenk v. United Aircraft Corp.*, D.C., 43 F. Supp. 679, 686."

As these decisions show it is not necessary for this Court, nor was it necessary for the Trial Court, to consider whether Parker showed adequate reason for the reissue since the reissue could not invalidate the claims in suit which he carried over from the original patent into the reissue.

The only decisions of this Circuit referred to by the defendants in connection with the reissue are *Kalich v. Paterson Pacific Parchment Co.*, 137 F.2d 649, 58 USPQ 637 (1943), and *Riley v. Broadway-Hale Stores*, 217 F.2d 530, 103 USPQ 414 (1954) neither of which is contrary to the position plaintiff takes here. In the *Kalich* case only claims newly added in the reissue patent were in issue, and although the court found that the reissue had been improperly granted, it specifically declared only the newly added claims in issue invalid. In the *Riley* case, for reasons not clear from the record, counsel stipulated prior to the trial that one of the questions of law for the Court was "whether or not the reissue patent in suit, No. 23,167, and each of the claims

*thereof* are invalid due to the absence of accident, inadvertence, or mistake warranting the grant of such re-issue patent." (Emphasis ours). Because of this stipulation the Court was not called upon to determine whether the claims in the reissue carried over from the original patent were affected by the impropriety of the reissue.

**THERE IS NO EVIDENCE IN THE RECORD TO SUPPORT  
THE CONTENTION THAT THE REISSUE WAS  
IMPROPERLY GRANTED**

The defendants have advanced numerous arguments in support of their contention that the reissue was improper. No evidence was introduced at the original trial or subsequent to remand upon which a determination of the propriety of the reissue could be made.

At the trial, the District Court ruled that it would not consider the matter of the propriety of the reissue and that the specification of the original patent would be looked to in determining the validity of the claims in issue. After remand, in an informal conference, on inquiry by the judge, counsel for both parties stated that no additional testimony would be offered by them.

The Trial Court's ruling during trial is as follows:

"MR. KOLISCH: The point is that if claims 18 through 24 are broader in any respect, then it is broadening the reissue, and the patent is invalid, the whole patent.

THE COURT: I am going to rule now that we will not look to the new claims in the reissued patent since they are not claims upon which action

has been instituted and that the original specifications will be looked at to determine validity and that this *case stands or falls on the question of the original specifications and the original claims.*

However, I am going to segregate the issue of the validity of the entire patent, and if you in the meantime can supply me with authority in supporting your position and I find in favor of your position, then we will reopen the case for the purpose of admitting that testimony on that issue.

MR. KOLISCH: I merely want to call the Court's attention to the fact that we did counterclaim, and I think it is in issue that a declaration of invalidity of the complete reissued patent —

THE COURT: I am not going to try that portion of the case just now.

MR. KOLISCH: That is a segregation.

THE COURT: I am going to segregate that issue, but we are going to go now on the original claims and the original specifications, and, to the extent that the word 'guide' may enlarge upon the meaning of the other words used in the original patent, I am going to hold that no interpretation of the word 'guide' shall be used in order to construe that original specification." (Tr. Vol. I, 228-229) (Emphasis ours)

Defendants argue that the addition of the words "or guide" to the specification at the time of reissue (the only change made in the specification), broadened, and thus invalidated, the reissue. Plaintiff does not agree that the addition of the words "or guide" broadened the specification in any manner whatsoever, nor is there any testimony to support defendants' position.

The Trial Court properly ruled that it could ignore such amendment to the specification and interpret the claims in the light of the specification of the original patent. In so doing, the Court followed *Nash Engineering v. Cashin*, 13 F.2d 718 (C.A. 1, 1926). In that case a patent had been reissued with no changes in the claims but with a broadened specification. In evaluating the claims, the Court observed that if the amended specification was to be considered, the defendants did infringe the patent, but the claims would then be interpreted as being broader than the invention described in the original patent, and thus invalid. On the other hand, the Court said if it disregarded the effect of the changes in the specification, the claims would be valid but not infringed. The Court ruled that it should, in such an instance, interpret the claims in the light of the original specification and did so holding the claims not infringed.

### **DAMAGES AWARDED ARE INADEQUATE**

Claim 17, which was held to be infringed, provided a new combination of elements for the elimination of hand-loading of veneer dryers. The combination created a new apparatus which allowed veneer to be loaded into dryers mechanically and was not an improvement of a part or an apparatus previously existing. While the court did not find infringement of other claims, it did find infringement of a claim which created an entirely new and previously unknown apparatus.

Defendants cite in support of their contention that

the royalty fixed by the court was excessive, cases in which improvements were made to part of a larger apparatus. That is not the case before the court. Here there was no improvement of a minor part or element and claim 17 was directed to an entire and previously unknown apparatus which was sold by plaintiff in Ohio for \$18,750 and by defendants in Oregon for \$16,500. Plaintiff's development costs had exceeded \$150,000 and defendant had incurred none. Having no development costs to amortize and no royalty to pay, defendants were in position to undersell plaintiff and substantially reduce a business which plaintiff had pioneered.

In *Philp v. Nock*, 1873, 17 Wall 460, 462, the infringement was confined to a part of an apparatus sold. This was also true in *Wooster v. Simonson*, C.C.S.D.N.Y., 1863, 16 F. 680.

In *Hunt Bros. Fruit Packing Co. v. Cassidy*, 9th Cir., 1892, 53 F. 257, the patent in suit related to two different improvements in fruit dryers. The court held that damages must be based upon infringement of the particular claim sued upon stating that the infringers' "claim for damages can not be broader than for the infringement he claims." That is precisely the measure of damages followed by the trial court here. Claim 17 encompasses the entire apparatus and the court took the value of the entire apparatus into account in setting the awarded damages.

Defendants generally sold a feeder and hoist combination, but in rare instances sold the feeder without the hoist or elevatable platform. The hoist is an integral part

of the feeder. Otto Jeddelloh testified that he knew of no feeder being employed without a hoist or elevatable platform (Tr. Vol. I 127). Defendants knew that any feeder sold by them would necessitate the building or purchase of a hoist by the purchaser of the feeder. This is contributory infringement.

35 U.S.C. Section 271 of the Patent Laws says:

*"Infringement of patent*

"(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

"(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

"(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

When defendants sold the feeder, constituting a material part of the invention, they knew that it would be employed in infringement of the patent and were liable as contributory infringers.

In considering the damages due a patent owner, he

should be entitled to the same consideration as should anyone else against whom a tort has been committed. That is, he should be entitled to the damages which he has suffered by reason of the infringement. The Patent Act so provides:

“Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement, but in no event less than a reasonable royalty for the use made of the invention by the infringer . . . .” (35 U.S.C. 284)

In its latest consideration the Supreme Court in *Aro Mfg. Co., Inc. v. Convertible Top Replacement Co., Inc.*, 377 U.S. 476, 141 USPQ 681, 694 (1964) had this to say:

“But the present statutory rule is that only ‘damages’ may be recovered. These have been defined by this Court as ‘compensation for the pecuniary loss (the patentee) has suffered from the infringement, without regard to the question whether the defendant has gained or lost by his unlawful acts.’ *Coupe v. Royer*, 155 U.S. 565, 582. They have been said to constitute ‘the difference between his pecuniary condition after the infringement, and what his condition would have been if the infringement had not occurred.’ *Yale Lock Mfg. Co. v. Sargent*, 117 U.S. 536, 552. The question to be asked in determining damages is ‘how much had the Patent Holder and Licensee suffered by the infringement. And that question (is) primarily: had the Infringer not infringed, what would Patent Holder-Licensee have made?’ *Livesay Window Co. v. Livesay Industries, Inc.*, *supra*, 251 F.2d, at 471, 116 USPQ at 168.

“Thus, to determine the damages that may be recovered from Aro here, we must ask how much CTR suffered by Aro’s infringement—how much it would have made if Aro had not infringed.”

In other words, if a patent owner can prove loss of sales by reason of the infringer’s activities, he is entitled to recover his lost profits from such lost sales.

The reasonable royalty provision was provided to indicate a minimal allowance for the plaintiff, where actual damages are not shown, as for example where the plaintiff is not manufacturing the patented device and hence could not suffer lost sales.

On the question of proper damages, we would also refer the court to *Livesay Window Company v. Livesay Industries*, 251 F.2d 469 (C.A. 5, 1958) which the Supreme Court cited with approval in the Aro case. In *Livesay* appears the following:

“If in all reasonable probability, the Patent Owner would have made the sales which the Infringer has made, what the Patent Owner in reasonable probability would have netted from the sales denied to him is the measure of his loss, and the Infringer is liable for that.”

Defendants complain that at most a 5% royalty on their own selling price should be the maximum royalty. Defendants entered a field which plaintiff alone pioneered, developed at great expense, obtained acceptance of the apparatus by the industry with all of the attendant costs and now they wish to avoid their fair share of the costs of the pioneering. That would be most inequitable.

However, the testimony of plaintiff's witnesses amply supports a royalty of \$1,000.00 to \$1,200.00 for each infringing apparatus manufactured or sold by defendants.

Defendants urge that they should pay as damages an amount less than was charged licensees. This Court has pointed out that an infringer is a wrongdoer and that this should be kept in mind in determining the damages that he should pay.

"As to what would be a reasonable royalty presents a serious question. Many factors determine a reasonable royalty other than the precise improvement. The entire unit must be considered. However, it must be borne in mind that the defendant in this case is the wrongdoer and as stated in *Horvath v. McCord Radiator & Mfg. Co., et al.*, 100 F.2d 326-335, 40 USPQ 394, 402-403:

"'McCord is an infringer and the burden must be placed upon it as a wrongdoer and it is the duty of the Court to find for Horvath with reasonable approximation that to which he is entitled and in so doing, there is no duty to exercise meticulous care to avoid a hardship on McCord.'" *Filtex Corporation v. Atiyeh*, 216 F.2d 443, 103 USPQ 197 (C.A. 9, 1954)

The suggestion by defendants that Moore and American took licenses under special circumstances and threats of infringement are without merit. The correspondence in evidence (DX 151, 301, 302) between plaintiff and its licensees shows that the licenses were negotiated in business-like fashion and the royalties agreed upon were the result of agreement between a willing licensor and willing licensees.

## **INDIVIDUAL DEFENDANTS ARE PERSONALLY ENJOINED AND PERSONALLY LIABLE FOR INFRINGEMENT DAMAGES**

Following the trial court's opinion, findings of fact and conclusions of law were approved and entered. Judgment upon the findings was entered against the corporate defendant and against Otto Jeddeloh, vice-president and Fred Jeddeloh, president of the corporate defendant. The Jeddelohs were the holders of eighty percent of the corporate stock. Although the suit had been pending for over seven years, non-liability of the individual defendants, apart from the corporation had never been contended until after entry of the District Judge's opinion and judgment. A motion was then filed to eliminate individual liability from the findings and judgment, which motion the court denied.

The fallacy of their claim of non-liability is established by appellant's brief and the cases cited (D's. Br. 62). A corporation cannot be held liable except through the acts of its officers and agents. All of the acts resulting in liability of the corporate defendant were done by these individual defendants or under their direction. Their connection is not merely as officers of the corporate defendant. They personally designed the infringing apparatus after observing the patented machine in operation. Otto Jeddeloh claimed to be the inventor of the infringing machine and applied and secured a patent thereon in his own name, and permitted the defendant corporation to manufacture the infringing apparatus under such patent. They manufactured and sold the in-

fringing apparatus—in none of these activities were they acting as officers. Except for the acts of these individuals, there would be little to establish liability of the corporation. In *Dangler et al v. Imperial Mach. Co., et al*, 7 Cir. 1926, 11 F.2d 945, 947, the court said that an officer acts willfully and knowingly when he personally participates in the manufacture and sale of the infringing article (acts other than as an officer). In addition to participating in the manufacture and sale, Otto and Fred Jeddeloh designed the infringing apparatus. By the judgment of the court they are present enjoined, as is the corporation, from continuing the manufacture and sale. Surely, there can be no justification for relieving them of the prohibition against continuing the infringement and of paying plaintiff's damages.

The record herein clearly shows that Fred and Otto Jeddeloh participated personally in the infringement and that they actively induced infringement and, therefore, are liable as infringers under Section 271 (b) of the Patent Act, as follows:

“Whoever actively induces infringement of a patent shall be liable as an infringer.” 35 U.S.C. 271

A holding that Fred and Otto Jeddeloh are liable for infringement is in accord with numerous decisions including *Dean Rubber Mfg. Co. v. Killian*, 106 F.2d 316 (C. A. 8, 1939) where the court said:

“Defendants claim error on the part of the trial court in not dismissing the bill of complaint as to the defendant, Wilbur J. Dean. In our opinion the record in the case amply sustains the findings of the trial court that the defendants, jointly and sev-

erally, infringed the patent in suit. The record shows that Wilbur J. Dean was the active, directing head of the defendant Company and was in charge of the operations of the plant and gave the orders for its operation; that he was a large stockholder and president of the defendant company; that he is the owner of the accused patent, and that the infringing machine was built and operated under his personal supervision. In our opinion these facts justify the findings of the court under the following well recognized statement of the rule:

“ ‘We are of the opinion, therefore, that by the general principles of law, and by analogy with other torts, a director of a corporation, who, as director, by vote or otherwise, specifically commands the subordinate agents of the corporation to engage in the manufacture and sale of an infringing article, is liable individually in an action at law for damages brought by the owner of the patent so infringed. As with other infringers, it is immaterial whether the director knew or was ignorant that the article manufactured and sold did infringe a patent.’ (National Cash Register v. Leland, 94 F. 502-511).”

Similarly, the holding is in accord with *Marks v. Polaroid Corp.*, 237 F.2d 428 (C.A. 1, 1956) where the court ruled as follows:

“At this point consideration of the personal liability of plaintiff-appellant Marks’ for Depix Corporation’s infringement is in order.

“Depix was a small family corporation organized by the plaintiff-appellant and his brother. Both men

with their mother were the only officers of the corporation and the three owned all of its stock through their ownership of the stock of another corporation which held all the stock of Depix. The District Court found that the plaintiff-appellant supervised and directed the building of the machines and equipment used by Depix in manufacturing its product, that he was thoroughly familiar with the details of the process employed by Depix and with its product, and that he was the patentee of the patents under which Depix allegedly operated and for the exploitation of which it was organized. On the basis of these facts the court below found that Marks not only actively participated in the business of the corporation but also directly contributed to the corporation's infringement, which the court said, would not otherwise have occurred. On the basis of these facts the court found the plaintiff-appellant to have been the 'guiding spirit' behind Depix' infringement and hence liable with it for the infringement complained of by Polaroid.

"The above facts certainly show that the plaintiff-appellant was more than merely an officer of an infringing corporation. They show that he individually, was the moving, active conscious force behind Depix' infringement. This is clearly enough to make him personally liable under general principles, see *Dean Rubber Mfg. Co. v. Killian*, 106 F.2d 316, 320, 42 USPQ, 493, 497 (C.A. 8, 1939), as well as under Title 35 U.S.C. § 271 (b) which provides:

" 'Whoever actively induces infringement of a patent shall be liable as an infringer.' "

In *Moseley et al v. U. S. Appliance Corp.*, 155 F.2d 25, 69 USPQ 301, this court ruled that officers of a corpo-

ration were personally liable for infringement. We quote:

“Appellants contend that ‘None of the acts of any of the appellants resulting in the execution of the license to Rilling-Arnao either singly or collectively constitutes an act of infringement justifying an award against them or either of them.’ There is no merit in this contention. The acts of appellants which led up to and resulted in the execution of the license agreement included the acts of making and using the infringing device. These, obviously, were acts of infringement.

“The act of licensing Rilling-Arnao Company to manufacture and sell the infringing device was itself an act of infringement. In that act, all the appellants—Keele, Moseley and Keelmo Company—participated; for, though not named as parties to the license agreement, Keele and Moseley caused the agreement to be made. Keele, acting for himself and Moseley, commenced the negotiations which resulted in the agreement. Keele and Mosely formed Keelmo Company for the purpose of dealing with Rilling-Arnao Company. They dominated and controlled Keelmo Company, were its officers, directors and only stockholders, made it their agent and instrument, used it to infringe appellee’s patent, and profited by such use. Hence Keele and Moseley, as well as Keelmo Company, were liable as infringers.

“Appellants’ brief states that ‘there is no charge or evidence of any dishonest motive, intent to accomplish a wrong or perpetrate a fraud in the formation of Keelmo (Company).’ The statement is incorrect. The evidence shows that Keelmo Company was formed for the purpose of infringing appellee’s patent by licensing the manufacture and sale of the infringing device.

“Appellants say that ‘the corporation (Keelmo Company) and its stockholders (Keele and Moseley) must be treated as separate entities.’ They were so treated in this case. The court held—and correctly held—that the corporation was the alter ego of its stockholders, but the court did not treat the corporation and its stockholders as a single entity. It treated them as three distinct entities and entered judgment against each of them.”

The decision cites the *Dean Rubber* case, *supra*,

Defendants have cited a number of cases which they say should absolve the personal defendants from liability. These cases are easily distinguishable. In *Powder Power Tool v. Powder Actuated Tool Corporation*, 230 F.2d 409, the defendant Klunk was dismissed, but as appears on pages 411 and 412 of that decision, Mr. Klunk participated in the organization of the corporation only to assist his son, and did not receive any money or income from the defendant corporation, and did not take any active part in the business until difficulties arose with the plaintiff, after which time it appears that Mr. Klunk made every effort to resolve the difficulties and avoid any claim of infringement. This is substantially different from our present case where Fred and Otto Jeddeloh actively participated in the conduct of the infringing activities.

In *Dangler et al v. The Imperial Machine Co., et al*, 11 F.2d 945, the individuals held not personally liable, “were but slightly interested financially” (p. 947) in the defendant corporation. Furthermore, there was no showing of personal participation by the individual defendants as is present here.

In *Zell v. Bankers Utilities Co.*, 77 F.2d 22, the court held that one, David H. Zell, was not personally liable, but it appears that Mr. Zell was not brought into the proceedings until the accounting. The personal activities of Mr. Zell with respect to the infringement is not shown in the decision. In any case, the Ninth Circuit has since seen fit to hold officers liable in *Moseley et al v. U. S. Appliance Corp.* (supra).

### CONCLUSION

For the reasons advanced above and in plaintiff's opening brief we urge upon this Court that it:

- (1) affirm the judgment of the Trial Court holding that claims 3, 5, 7 and 17 are valid;
- (2) affirm the judgment of the Trial Court holding claim 17 to be infringed;
- (3) reverse the Trial Court and hold claims 3, 5 and 7 infringed;
- (4) increase the royalty awarded plaintiff to not less than \$1,200.00 for each infringing apparatus;
- (5) allow interest from the date of sale of each infringing apparatus;
- (6) award plaintiff exemplary damages and attorneys' fees;
- (7) affirm the Trial Court in enjoining the individual defendants as well as corporate defendants from further infringement;
- (8) affirm the Trial Court in holding the individual

defendants as well as the corporate defendant liable for damages; and

- (9) award plaintiff costs of this appeal and the former appeal herein.

Respectfully submitted,

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### **CERTIFICATE OF COUNSEL**

I certify that, in connection with the preparation of this brief, I have examined Rules 18 and 19 of the United States Court of Appeals for the Ninth Circuit, and that, in my opinion, the foregoing brief is in full compliance with those rules.

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